

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2491 - Job Training & Retraining, Job Corp (LSB 6413 HV)
Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2491 creates a job corps center new jobs tax credit and allows employers who hire a graduate of a job corps center for a full-time position within six months of graduation to claim a tax credit of up to \$1,200 per graduate for the first twelve months of the graduates employment. The tax credit may be used against personal and corporate income tax liability.

Assumptions

1. There is one job corps center in Iowa. The Center in Denison places an average of 230 job corps graduates per year in Iowa jobs. Approximately 76.5%, or 176 of the graduates placed, are placed in full-time jobs. Approximately 88.0%, or 155 of these placements occur within six months of graduation from the Denison Job Corps Center.
2. On average, 36 graduates of job corps centers outside of the State of Iowa are placed in Iowa jobs each year. Using the same assumptions outlined above, on average, 24 graduates of job corps centers located outside of the State are placed each year in full-time positions in Iowa within six months of graduation. Total average job corps graduates placed in full-time positions in Iowa within six months is 179 graduates.
3. Graduates of job corps centers placed in full-time positions in Iowa earn on average \$8.27/hour. This equates to an average annual wage of \$17,200.
4. Each graduate who is placed will be employed for a full year. The employer will receive on average a tax credit of \$1,032 per placement (6.0% of \$17,200).
5. Each graduate will be employed for a full year by one Iowa employer. If for some reason a graduate is employed by one employer, works for that employer for several months, and then takes a job with a new employer within six months of graduation from a job corps center, it is possible that more than the \$1,200 maximum tax credits per graduate allowed in the Bill could be awarded for employment of that particular graduate. The fiscal note does not take that scenario into account.
6. The Bill specifies that this act takes effect upon enactment and is retroactively applicable to tax years beginning on or after January 1, 2004.
7. The Department of Revenue would use existing staff to implement the provisions of this Bill.

Fiscal Impact

House File 2491 will reduce General Fund revenues by approximately \$185,000 annually starting in FY 2004.

Sources

Denison Job Corps Center
Kansas City Regional Job Corps Center
Dynamic Education Systems Incorporated

Dennis C Prouty

March 22, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
